

This primitive and universal process is termed Barter¹ or Truck:² its peculiarity is that one article or commodity^s is exchanged *direct* for another commodity. The fundamental nature of this operation is shown by the fact that modern commerce, with its numberless and intricate complications, is precisely an interchange of one commodity for another; that is to say, it remains in essence the original act of barter still. But from an early period the grave inconvenience, and sometimes the impossibility, of a direct act of barter, particularly as commodities and needs multiplied in form and use, became evident, and the *operation*—although, of course, the act itself was unaltered in character—of effecting exchanges of goods was simplified by the employment of a medium⁴ of exchange—the process becoming, now an indirect in place of a direct act of trade. If a primitive man owned a large fish, and required some - different commodities in exchange of much inferior value, he could cut up the fish, and dispose of the pieces separately for the various articles he needed, although some waste would ensue; but if he possessed two hats (granting him, for illustration, a hat in those days) and wished to barter one for an article of less value, the utility (and, therefore, the exchangeability) of the hat would be destroyed by cutting it into fragments. Hence arose the origin of a medium for exchanging goods which was of a nature acceptable to all exchangers—^ shells, iron, and other fairly durable articles, which people cared to possess, have thus been employed as media. In more modern times, gold and silver have, in consequence of their durability, intrinsic attractiveness, and other qualities, become

¹ Barter: from an old French word, *barater*, to exchange (the original

meaning of the French word was, to cheat, to beguile).

² Truck: from the French *troyuer*, to barter, or chop.

^a Commodity: from the Latin *commodus* (*com* for *cum*, and *modus*, measure, with measure), fit, convenient, suitable ; thus a thing of use or advantage. The term Commodity is rightly extended in political economy to include any object, substance, action, or service which can give pleasure, or avert (or reduce) pain.

* Medium: from the Latin *medius*, the middle. The analogical use is evident; the middle connects the origin, and end ; and hence a medium (or means) of exchange is

that instrument by which the one commodity is brought into contact with the other commodity in the exchange of the two.